


UNITED HEARNE RESOURCES LTD.

(N.P.L.)

Progress Report

April 2, 1975



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SUMMARY AND PROGRESS REPORT

United Hearne Resources Ltd. (N.P.L.) was reorganized as a company to take advantage and make profits from what we consider to be a serious monetary crisis in the world today.

The main point we are trying to emphasize is that although many people are calling for massive unemployment and a real depression we do not believe this to be true: No government is going to let the country go down the drain economically, higher taxes are impossible and with politicians it is a case of self preservation and this is not in their interest.

However if some of the governments in the world especially the U.S.A. government carries on the course it has been taking, we see that the major threat is still runaway inflation. The U.S.A. now has a national debit of over 500 billion dollars. In our discussions with New York brokers and other financial groups, the next crisis now is that the U.S.A. to curb inflation and not have unemployment

and a greater recession, they will have to have (especially in an election year) inflationary budgets, they now will have to spend billions of dollars to get the economy turned around and moving up. (After all with tax cuts and rebates the national budget will still have a deficit of over, or at the very least of 200 billion dollars this next year). It comes back to the same old thing runaway inflation, Washington will simply keep printing paper, with basically nothing to back it up with. Many of the worlds most respected monetary analysts say your capital must be in currency with gold and silver backing it. \$1,000.00 per oz. gold is not unrealistic and silver; since most silver is obtained as a by-product from mining other types of deposits (over 75% is mined as a by-product).

The price of silver will be over \$10.00 per oz. within the next 3 years. The market will be very volatile for the commodity trader, both in gold and silver.

The best way to hedge against this runaway inflation is the purchase of gold and silver. If you wish you can buy the actual metal, however we believe this to be cumbersome and not the correct way to accomplish your objective.

This is why we believe that the purchase of a well managed producing gold or silver mine is an easy way to participate in the profit potential of these two metals.

This is precisely what the management and directors of United Hearne Resources Ltd. (N.P.L.) set out to accomplish.

With reference to gold we sought areas and mines we believe had real potential in countries with sound ideals and progressive laws for the development of gold properties (Costa Rica).

After months of exhaustive research and checking work by our own engineering staff they chose three gold properties which in their opinion had excellent merit.

Costa Rica is a promising area for development of modern production and techniques for gold mines because of its past record as a known source of gold together with realistic government policies resulting from recent revisions in mineral laws. New mines enjoy a 5 year tax free period. Capital expenditures may be written off after this period. Incentives for foreign investments include duty free entry

of equipment and certain materials. Negotiated tax rates on profits range from 30% to 38%. Legislation has been changed to permit mines to sell at world prices instead of the Central Bank at much lower official prices.

GOLD

Summary

An operating company was formed in Costa Rica, November 23, 1974 called Hearne De Costa Rica to be responsible for United Hearne Resources Ltd. (N.P.L.) operations in that country. This arrangement was necessary to operate efficiently and to conform with local regulations and laws.

United Hearne Resources Ltd. controls three promising gold mining properties in Costa Rica, all of which have previously been producers. They are the Santa Clara, the Miramar and Mina Recio. The Santa Clara and the Mina Recio were optioned by Hearne from the Canadian Barranca Corporation Ltd. The Miramar property is owned 100% outright.

1. Santa Clara

In January 1975 arrangements were completed with the Government, and permission obtained from the rancher

to proceed with an exploration program of trenching and drilling on the property. Since that time twelve (12) trenches, of between 160 and 320 ft. in length were dug and two diamond drill holes were completed. Previous work by a Canadian Company indicated 1,500,000 tons of approximately 0.088 oz. of gold per ton in this area.

At present trenching is continuing and the drill crew is experimenting with an auger drill which may improve drilling results. Assay results of the trenching and drilling program have not all been received as yet, but results to date seem to support the values of the ore indicated by the work of the previous operators in 1964.

The results of the first diamond drill hole has been received, and showed a value of 0.108 oz. of gold per ton for the full 100 ft., and ore values continue to the bottom of the hole. The program is continuing, and emphasis is placed on work to the west where some trenches showed higher values.

MIRAMAR MINES

100% owned by United Hearne Resources. Arrangements are being made at the present time, so that an exploration and development program can start. The owner of the surface

rights has been contacted, and it appears he is willing to agree to a reasonable deal. At that time, a program of road rehabilitation will be done, which will allow for a trenching and drilling program to investigate the high grade gold deposits where previous mining was done.

MINA RECIO (Abangares Area)

This property was visited by Don Graves, the manager of Hearne De Costa Rica and advises, that he is investigating the location, and has done some mapping. At present there is a small high grade gold mine operating on an adjoining property.

GENERAL

In February of 1975, Mr. Waller visited the operations of Hearne De Costa Rica and discussed the affairs of the company with its officer Senor Pinto our secretary who is a lawyer and Don Graves who is manager and a director, as a result I can assure you that the company is being managed well, and that field work is progressing well with a crew of nine (9) men, a bulldozer and a diamond drill.

NOTE *

Since this report further encouraging assay results have been received. A section of a trench was deepened where

values were low and resampled, the results were just about double the previous results and made average ore grade indicating that the better values do not come right to surface. Also samples taken in the Mondongo tunnel approximately 120 ft. below and in the general same location gave grade of:

0.136 oz. of gold for 30 ft.

0.057 oz. of gold for 54 ft.

0.089 oz. of gold for 54.5 ft.

0.284 oz. of gold for 28.5 ft.

Overall width in this zone average from 150 ft. - 200 ft., and with possible extension to the north.

Assay results of ore being received are erratic which is typical of the ore body. One short hole assayed, 0.663 for 9 ft. 0.67 for 9 ft. and 0.347 for 4 ft. continuously. Other auger holes in the area are lower grade, however from assay results to date, indications are, a grade of approximately 0.10 oz. per ton is being developed which is the grade reported by the previous operators, this is planned as an open pit.

Sampling of an 18-ft. width of the western section of Mondongo stockwork (Santa Clara property) has returned a value of 1.37 oz. of gold per ton. The full width of the

zone has not been determined but is considerably greater than this 18-ft. sample. Some previous sampling in this area suggested a grade of approximately 0.3 oz. gold over an average width of 30 ft. and a length of 150 to 200 ft. with the full width undetermined. Values continue to the west of the section but remain relatively untested. In the main eastern section of Mondongo stockwork which is stratigraphically 100 ft. higher than the western section is being trenched and sampled. To date widths up to 200 ft. and still open have been indicated with the overall length of the zone of at least 2,600 ft. ✓

The present work will include trenching, sampling and drilling of the stockwork with the object of extending the present known mineralized zone in all directions. Sampling is also planned on a series of gold bearing veins lying to the north of the stockwork which were previously worked by native miners to shallow depth. Reconnaissance work is also planned for Recio group in the Abangares area which is located some 40 miles north of the Santa Clara property.

Under the terms of the agreement with United Hearne Resources Ltd. (N.P.L.) Canadian Barranca Corporation will

retain a 30% carried interest, with the right to purchase an additional 10% at cost.

SILVER

The silver properties held by United Hearne are some 70 miles by paved road to the smelter at Trail, B.C.

Over a number of years a contiguous group of 13 Crown granted claims were accumulated.

During the summer of 1974 work was confined to new roads to the Silver Glance Mine and test shipments from the Panama Mine to the smelter at Trail without hand sorting and using normal mining methods.

A total of 80.95 tons were mined and shipped to the Trail smelter. These averaged 57 oz. of silver to the ton. The net value of this test was \$217.13 per ton, plus a further \$23.08 received for the silica content and applied to the treatment charges.

Company engineers estimate that this high grade silver area could yield over \$100 per ton profit. The plan for this years program is to accelerate exploration of the Panama, the Silver Glance and the other holdings covering the

London Ridge group.

LONDON RIDGE PROJECT

During the summer season of 1974 exploration and development program work was carried out on the London Ridge property in the Slocan area of B.C.

The underground development program was to determine what mining grade of ore could be expected, by normal mining methods without hand sorting.

The results of the test were very satisfactory and 80.95 tons of ore were produced, and shipped to the Trail smelter for treatment. The final results from the processing of the ore has now been received and recovery of the metals was very satisfactory, being better than the company assay results indicated.

The analysis of the ore is as follows:-

Net weight shipped -	80.95 tons
Ag. (Silver) -	57 oz. per ton
Au (Gold) -	0.015 oz. per ton
SiO_2 (Silica) -	81.20

Results of all other metals are insignificant, resulting in simple metallurgy.

Total value of silver in the shipment amounted to \$17,587.88, and after treatment charges were deducted a total net value of \$16,621.27 was returned to United Hearne Resources, or a silver value of \$217.13 per ton of ore mined. In addition \$23.08 per ton was received for the silica content, and applied to treatment charges.

On the basis of the 1974 test program and if silver prices remain at approximately \$4.50 per oz. a profit of at least \$100.00 per ton could be expected.

CORPORATE DATA

Authorized Capitalization 5 million shares of \$1.00
par value each.

Issued -	1,425,750 shares
Options -	None outstanding
Head Office -	14th Floor, 1199 W. Hastings Street, Vancouver, B.C. V6E 2K5
Transfer Agent -	Montreal Trust Company. 466 Howe Street, Vancouver, B.C. V6C 2A8
Company Bankers -	Bank of Montreal, 355 Burrard Street, Vancouver, B.C.
Auditors -	Coopers & Lybrand, P.O. Box 11128, Royal Centre, 1055 West Georgia Street, Vancouver, B.C. V6E 3R2

MANAGEMENT

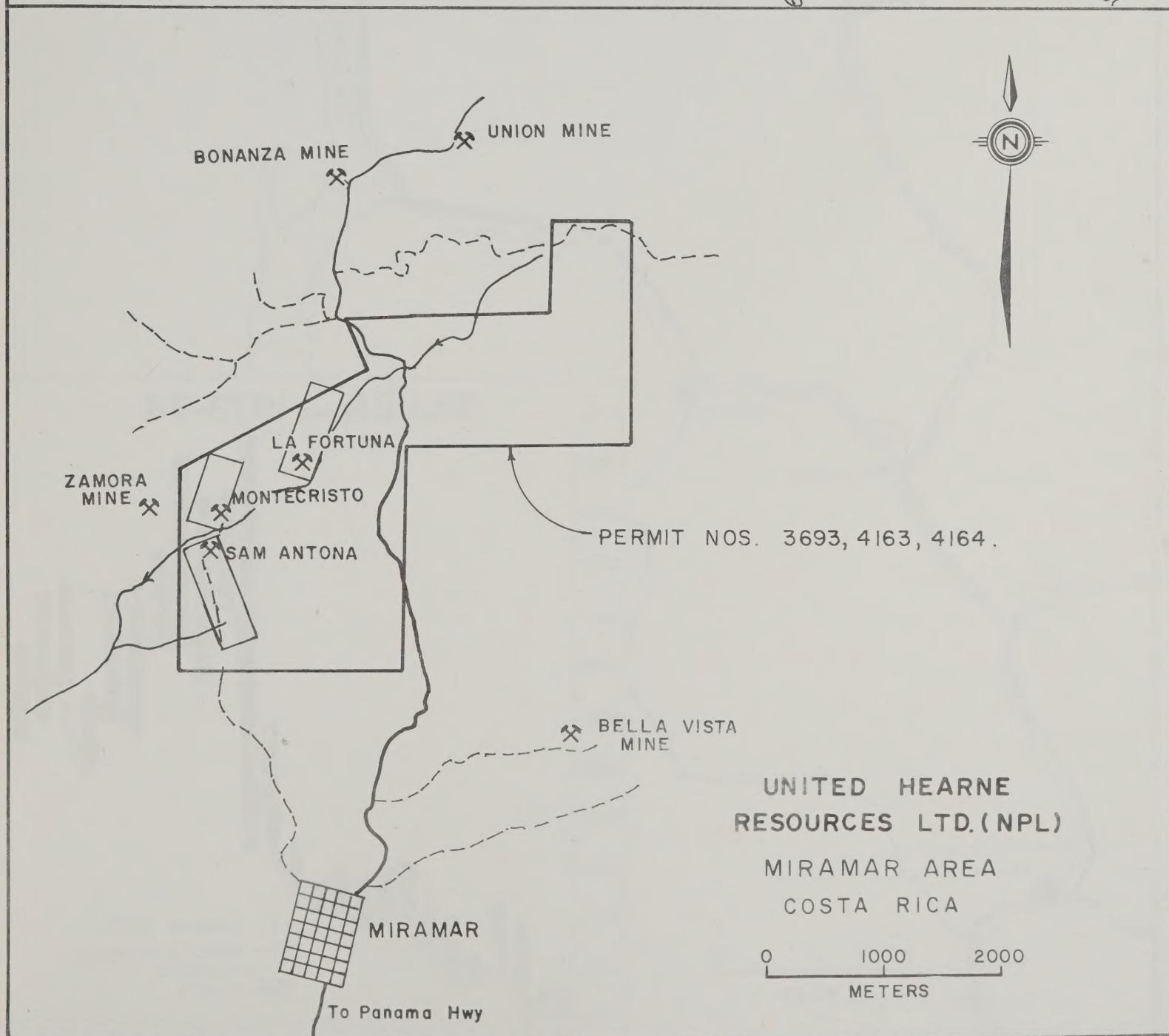
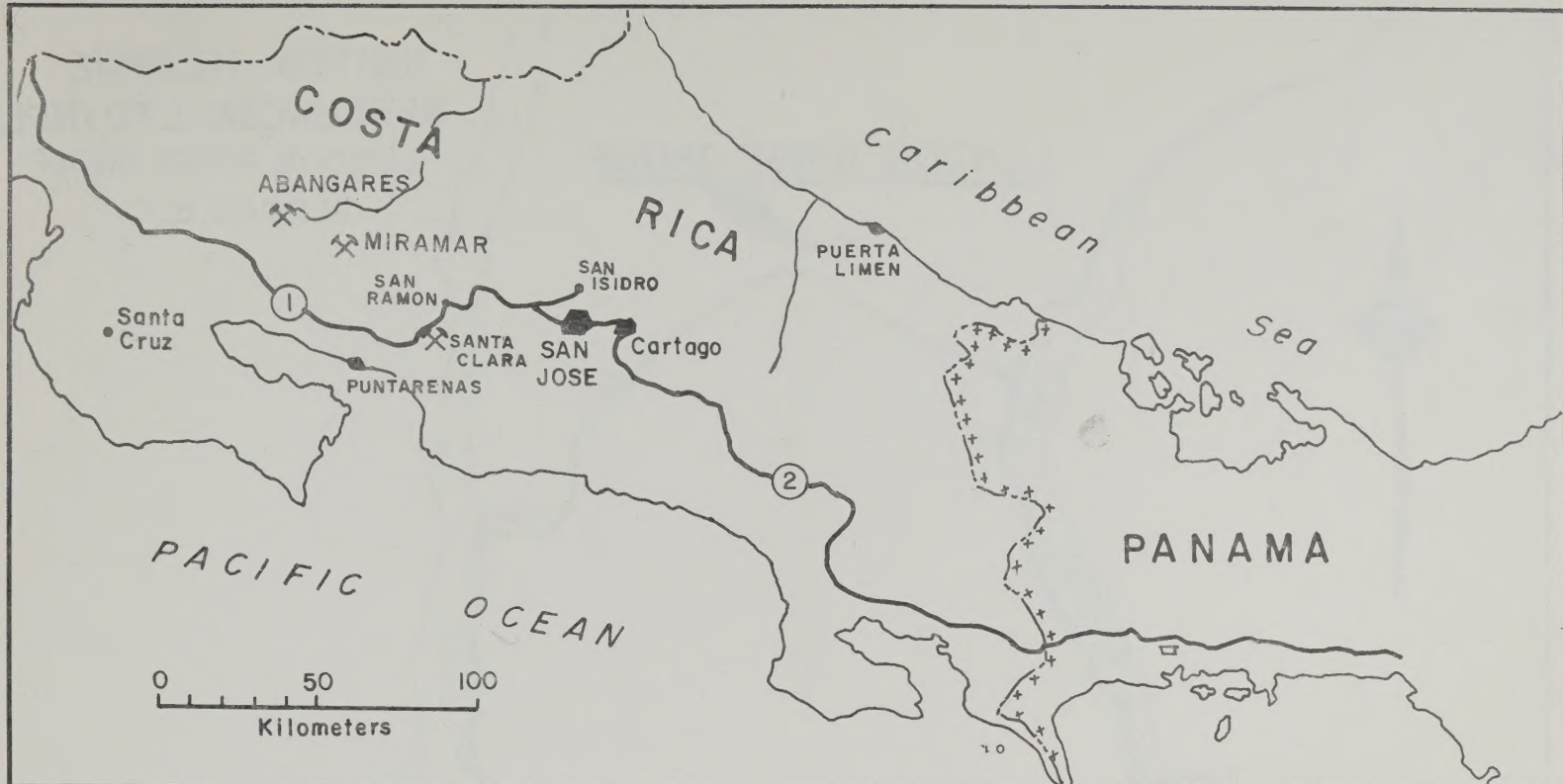
President is R.W. Falkins, an active figure in Canadian mining for some 20 years and a principal in the discovery of two major mining properties in Canada. Mr. Falkins is closely associated with the Teck group of natural resource companies.

H.H. Waller, is the key professional engineer in guiding the day-to-day activities of United Hearne. He has been closely associated with Mr. Falkins for some years and is a specialist in large-open-pit mines.

R.E. Hallbauer is another professional engineer providing guidance as a director. He is vice-president mining of the Teck group and is considered one of the most highly regarded mining engineers in Canada.

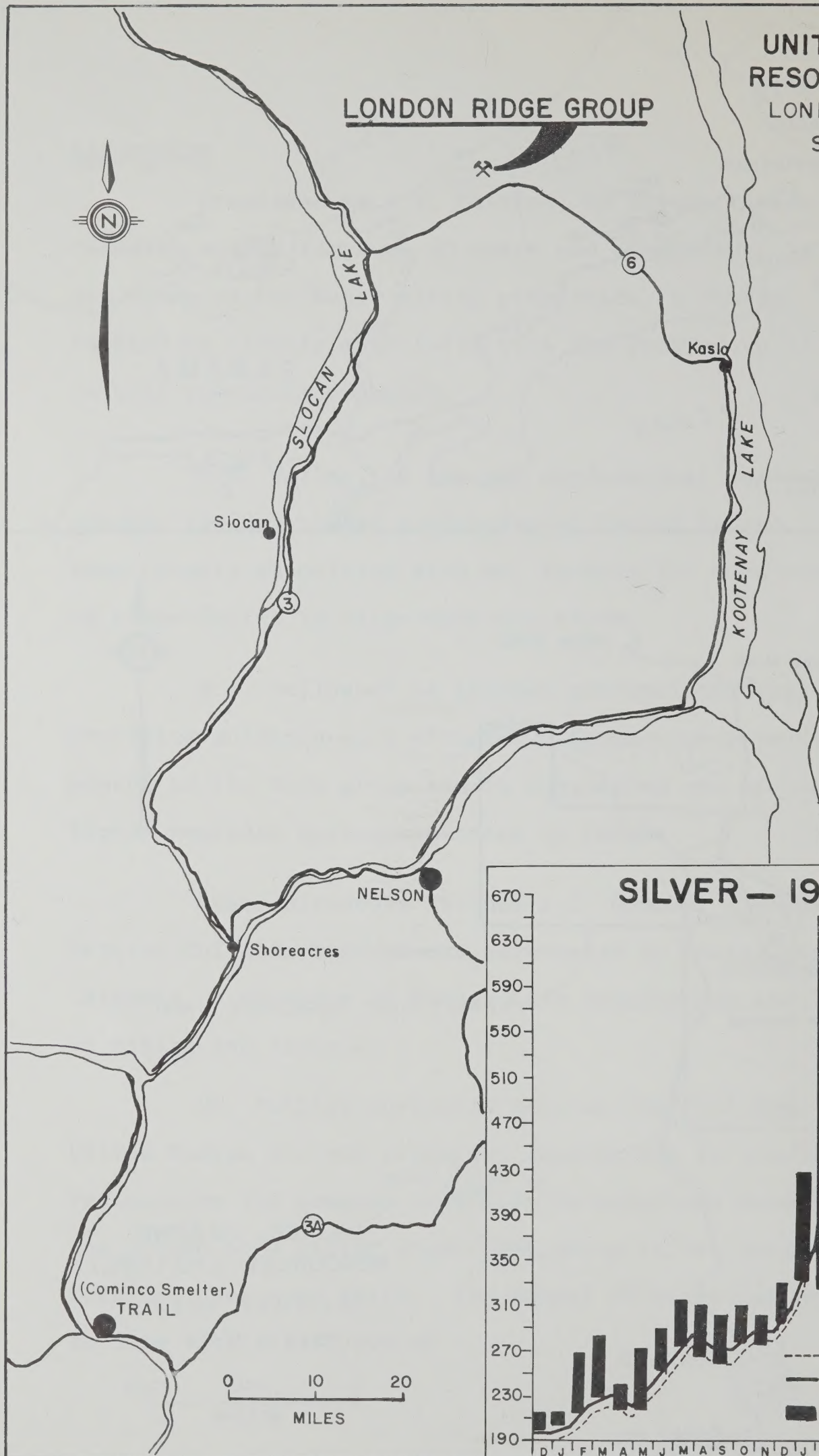
Other directors include J.L. Gibson, a leading British Columbia businessman interested in mining and Dr. J.D. Leishman, a director of Mutual Life Association and long active in mining and finance.

Mr. Falkins currently devotes his full-time efforts to United Hearne and was primarily responsible in reactivating and refinancing the company initially to undertake development of the Slocan area silver properties which he had patiently pulled together over some years. The amount of financing provided to date totals \$187,500.00.



**UNITED HEARNE
RESOURCES LTD.(NPL)**
LONDON RIDGE GROUP
SLOCAN, B. C.

LONDON RIDGE GROUP



SILVER — 1973-74

